STATE OF ARIZONA

CITIZENS CLEAN ELECTIONS COMMISSION

In the Matter of:)	MUR No. 06-0001
	Janet Napolitano, Respondent)	CONCILIATION AGREEMENT
)	
)	

Pursuant to ARS Section 16-957(A), the Citizens Clean Elections Commission (the "Commission") and Janet Napolitano, a participating candidate for Governor (the "Respondent") agree to enter into this Conciliation Agreement (the "Conciliation Agreement") of MUR No. 06-0001 in the manner described below:

- On May 25, 2006, the Commission adopted the Statement of Reasons (the "Statement of Reasons"), a copy of which is attached hereto and incorporated herein by reference, setting forth the recommendation of the Executive Director that there is reason to believe Respondent may have committed a violation of the Citizens Clean Elections Act and Commission rules (collectively, the "Act").
- 2. On March 1, 2006, Respondent filed a statement of organization registering her campaign committee, Janet Napolitano 2006 (the "Committee"), with the Secretary of State.
- 3. On March 1, 2006, Respondent made an expenditure when Respondent accepted delivery of a website and authorized Integrated Web Strategy, LLC (the "Vendor") to provide additional website development, email list leasing, email distribution and other services, in consideration for future payment, the precise value of which had not been agreed upon by Respondent and Vendor.
- 4. On March 15, 2006, Respondent (through the Committee) and Vendor entered into that certain <u>Letter of Agreement for Internet Consulting and Related Services</u> (the "Agreement"), pursuant to which Respondent agreed to pay Vendor the amount of Twenty-Seven Thousand Five Hundred and 00/100 Dollars (\$27,500.00) in installments of Three Thousand Fifty-Five and 55/100 dollars

(\$3,055.55) per month beginning March 21, 2006 and payable thereafter on the 21st day of each month.

- 5. Respondent and Vendor contemplated that the consideration payable by Respondent under the terms of the Agreement would include payment for website development, email list leasing, email distribution and other consulting services rendered by Vendor during the period beginning March 1, 2006 and ending November 15, 2006.
- 6. Respondent maintains that no violation of the Act occurred. However, in the interest of resolving this dispute and so the Commission may provide guidance to other candidates regarding reporting expenditures for campaign consultants, Respondent agrees to this Conciliation Agreement.
- 7. Respondent waives any right she may have under ARS §§ 41-1092, *et seq.*, including the right to a hearing or appeal in this matter, and agrees with the Commission to enter into this Conciliation Agreement pursuant to A.A.C. R2-20-216.
- 8. Respondent agrees to amend Respondent's campaign finance report for the period from January 1, 2006 through May 31, 2006 and to file subsequent campaign finance reports in accordance with the procedures set forth below.
- 9. This Conciliation Agreement concludes the Commission's enforcement proceeding.

WHEREFORE, the Commission enters the following orders in lieu of any other action regarding this matter:

1. Respondent agrees to file an amended campaign finance report for the period from January 1, 2006 through May 31, 2006 so as to reflect an expenditure in the amount of Three Thousand Fifty-Five and 55/100 Dollars (\$3,055.55) on March 1, 2006, representing the value of payment obligations incurred on March 1, 2006 for services rendered and to be rendered by Vendor including website development, email list leasing, email distribution and other consulting services. Respondent shall also amend that same report to show an expenditure in the amount of Fifteen Thousand Two Hundred Seventy-Eight and 80/100 Dollars (\$15,278.80) on March 15, 2006 which represents (a) the total consideration of Twenty-Seven Thousand Five Hundred and 00/100 Dollars (\$27,500.00) payable by Respondent under the terms of the Agreement; less (b) Three

Thousand Fifty-Five and 50/100 Dollars (\$3,055.55), which represents the value of payment obligations incurred on March 1, 2006 for website development, email list leasing, email distribution and other consulting services rendered by Vendor, payment for which Respondent and Vendor contemplated would be included under the terms of the Agreement; and less (c) Nine Thousand One Hundred Sixty-Six and 65/100 Dollars (\$9,166.65), which represents an amount equal to the value of services to be provided by Vendor during the General Election Period pursuant to the Agreement.

- 2. Respondent agrees to file Respondent's subsequent campaign finance reports (i) so as to reflect an expenditure on the first day of the General Election Period in the amount of Nine Thousand One Hundred Sixty-Six and 65/100 Dollars (\$9,166.65); and (ii) in a manner compliant with the Act and Commission policies with respect to the reporting of campaign activities.
- 3. Upon the filing of Respondent's amended campaign finance report for the period from January 1, 2006 through May 31, 2006 (which filing shall occur not later than August 31, 2006) in accordance herewith, and provided Respondent otherwise complies with the terms of this Conciliation Agreement, the Commission shall terminate proceedings related to MUR No. 06-0001 and the matter shall be closed.

[CONTINUED ON FOLLOWING PAGE.]

1		Dated this day of, 2006.
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3		By:
4		Todd F. Lang, Executive Director Citizens Clean Elections Commission
5		
6		By:
7		Janet Napolitano, Respondent
8	Original filed this day of, 2006 with:	
9	Campaign Finance Manager Citizens Clean Elections Commission	
10	1616 West Adams Street, Suite 110	
11	Phoenix, Arizona 85007	
12	Copy of the foregoing sent via Federal Express this day of, 2006 to:	
13		
14	Janet Napolitano c/o Janet Napolitano 2006	
15	200 East Thomas Road, Suite A Phoenix, Arizona 85012	
16	Copy of the foregoing sent via	
17	Federal Express this day of, 2006 to:	
18	Andrew S. Gordon	
19	Coppersmith Gordon Schermer Owens & Nelson 2800 North Central Avenue. #1000	
20	Phoenix, Arizona 85004	
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